





## Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

JAN. 10. 2007 / 9:00AM, LCC - US AIRWAYS - DELTA MERGER UPDATE CONFERENCE CALL

webcast. Also refer to the slide at the beginning of the materials about where you can find additional information relating to the proposed merger that we will file with the SEC.

Both the press release announcing this revised proposal and the slides that summarize today's discussion are posted on our website and that's US Airways.com. The press release and slides will be filed with the SEC on a current report on Form 8-K and you may find it helpful to review the slides as we go through the prepared remarks today. And at that point I'm going to turn it over to Doug and thanks again for being on the call this morning.

---

DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

Thanks, Elise, and good morning, everybody. As Elise said, we have a pretty short presentation here. And then we'd like to get to some questions, but just wanted to give you a little update before the market opens on what we've done so that you can better understand it. And indeed, what we have done this morning is we've revised our proposal to significantly increase what Delta's unsecured creditors will receive.

I'm going to move through these slides also that Elise referenced, and on slide 3 we talk about -- there's a summary about the proposal. Under the revised proposal the unsecured creditors will receive \$5 billion in cash and 89.5 million shares of US Airways stock. Our financial advisor, Citigroup, estimates that if we apply the same valuation assumptions as were described in Delta's disclosure statement, this new proposal will provide Delta's unsecured creditors with between \$12.7 billion and \$15.4 billion of value, that's a significant premium over the \$9.4 billion to \$12 billion valuation the Delta placed on its own stand-alone plan with the same assumptions and methodology.

To look at it another way, the current market value of our revised proposal is \$10.2 billion based upon the closing price of US Airways stock yesterday which was \$57.90. We have committed financing in place from Citigroup and Morgan Stanley to fund the cash portion of the offer of \$5 billion as well as the refinancing of \$3.2 billion of existing obligations of both companies for a total of \$8.2 billion of committed financing.

It's important to note that though this proposal is set to -- it's important to note though the proposal is set to expire on February 1st unless there is affirmative creditor support for commencement of due diligence, making the required filings under Hart-Scott-Rodino as well as the postponement of Delta's hearing on its disclosure statement, which is currently scheduled for February 7th. From the time we receive creditor support and truly begin this process in earnest we believe it will take four to six months for the deal to close. So the sooner we start the sooner we can close.

Moving to the next page is a summary of the original proposal, the revised proposal and you'll see the key elements of the proposal remain the same. It still offers a combination of cash and stock which could be structured to offer individual creditors a choice of those currencies. The proposed merger creates an estimated \$1.65 billion in annual synergies that can only be created in a merger. Delta's creditors will participate in that value created as those synergies are realized as owners of a significant portion of the combined company.

Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

What has changed is we're now offering more cash and a larger number of shares which, assuming a fully diluted share count of 94.7 million US Airways shares, would give Delta creditors a pro forma ownership of 49% of the combined company. The other change is that a revised proposal is set to expire, as I noted already, on February 1st unless there's an affirmative creditors report for three things -- commencement of due diligence, filing HSR and postponing the bankruptcy court hearing that's scheduled for February 7th.

I want to emphasize that without the support of the creditors our offer is set to expire on February 1; simply stated, it's time for this process to move forward. We continue to believe that now is the right time to create a better airline that provides more choice to consumers, increased job security for both Airlines and employees and generates more value for all of our stakeholders. Other than that all the conditions of the offer are exactly the same as before; that is satisfactory completion of a due diligence

---

THOMPSON	www.streetevents.com	Contact Us	2
----------	----------------------	------------	---

---

(C)2007 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

FINAL TRANSCRIPT

JAN. 10. 2007 / 9:00AM, LCC - US AIRWAYS - DELTA MERGER UPDATE CONFERENCE CALL

investigation which we believe can be completed expeditiously, approval by Delta's bankruptcy court on a mutually agreeable plan of reorganization that will be predicated upon the merger, regulatory approvals and the approval of the shareholders of US Airways.

Moving on to the next slide, you see our original proposal offered more value to Delta's unsecured creditors than the Delta stand-alone plan and we knew that was true at the time. Now we've changed it so that's even more evident. This revised offer eliminates any conceivable doubt about which of these plans offers more value to the creditors. No matter what methods are used to compare the value of our offer to the value of Delta's stand-alone plan, so long as you apply those methods consistently a merger with US Airways offers Delta's unsecured creditors significantly more value.

And to make that clear, we asked Citigroup to compare the plans using the same valuation methodology and assumptions as described in Delta's disclosure statement; you see that result on slide 5. The left-hand column shows Delta's asserted value for its stand-alone plan, the \$9.4 billion to \$12 billion which still excludes any management equity incentive package. On the right is the total value available to Delta's unsecured creditors under our revised proposal. Our proposal provides approximately \$3.4 billion of additional value beyond what Delta claims for its stand-alone plan.

And then lastly, on page 6 we go to a different methodology more consistent with what we see you airline analysts use which are multiples of EBITDAR numbers. And when you look at that on slide 6, comparing the lease-adjusted firm value to EBITDAR for 2007 and 2008 you see again our proposal offers a substantial premium to Delta's stand-alone.

So to sum up, we've increased our offer to Delta's creditors, we set the offer to expire in order to move this process forward. It's a transaction that makes tremendous sense for US Airways' shareholders, for Delta's creditors, the employees and customers of both companies and the communities we serve and we

Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

feel strongly this is the time to move it forward. With that said we are happy to take your questions. Operator?

-----  
QUESTION AND ANSWER

OPERATOR

(OPERATOR INSTRUCTIONS). Jamie Baker, JPMorgan.

-----  
JAMIE BAKER - JPMORGAN - ANALYST

Doug, given the passage of time, there's likely to be less and less value available to you as a function of Delta's bankruptcy status. I'm curious if you've revisited the percentage of synergy of value that is dependent on getting a deal done before rather than after Delta emerges. And secondly, I was hoping you could just comment on how the meeting with Gordon went.

-----  
DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

(indiscernible) do you want to take the first one?

-----  
SCOTT KIRBY - US AIRWAYS GROUP - PRESIDENT

Jamie, one of the reasons we have a time fuse on this is we do hope that the creditors committee will support us to stop actions that would permanently impair some of the synergy value of things like signing up for additional regional jets as an example. So we hope that the creditors committee with this compelling offer will stop taking those kinds of actions. We still feel extremely

-----  
THOMPSON                                  www.streetevents.com                                  Contact Us                                  3  
-----

(C)2007 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

FINAL TRANSCRIPT

JAN. 10. 2007 / 9:00AM, LCC - US AIRWAYS - DELTA MERGER UPDATE CONFERENCE CALL

good about the \$1.65 billion and that it's achievable and achievable by coming out with Delta coming out of bankruptcy. -- not sure who this speaker is -- --

-----  
DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

I guess to understand a little better, the passage of time itself, Jamie, doesn't do anything to (multiple speakers)

-----  
JAMIE BAKER - JPMORGAN - ANALYST

No, only what Delta happens to affirm during the passage of time -- yes, yes, you're right.

-----  
DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

Precisely. Exactly. If things over time get affirmed that's a problem, which is why we've structured it this way which is -- because indeed we certainly expect that Delta will, in support of its stand-alone plan, will begin to have to start doing things or would certainly want to start doing things that would be detrimental or could be detrimental to our proposal. So that's exactly why we structured it like this which is to ask for affirmative creditors support for our proposal. And presumably if we have that then you're not going to see things approved by the court that are inconsistent with our proposal. The second one, the question how did the meeting with Gordon go you ask.

-----  
JAMIE BAKER - JPMORGAN - ANALYST

Yes.

-----  
DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

It went great. Gordon Bethune has been hired by the official creditors committee as an adviser which we think is a great move. Everyone knows that Gordon is an extremely capable executive, a legend in our business who did a fantastic job at Continental. Knows this business backwards and forwards. And understands what happens when you have good management teams working to integrate airlines.

So I think we presented our proposal. Frankly it was refreshing to present it to somebody who really understands how this works and how it's going to work and how it could work going forward. So we had a nice dialogue, but it was more us presenting to him. He has to develop his own views and I have a pretty good sense of where he's coming from based on his questions. He certainly didn't share with us here's what I'm going to share with the committee. That's his job that they've hired him to do.

But we're really glad to see Gordon part of the process because -- just digress a little bit, I mean part of what's going on here today, which hopefully is clear, is this is new territory for all of us, and certainly new territory for the creditors committee, to try and assess a management plan versus an offer that management is not supporting. So they've been struggling at with that.

So what we wanted to do be sure we did today was make that a much easier decision for them and we know we've done that. We've taken away any doubt as to whose offer is worth more. And we think so much superior that it's worth any

## Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

assessment of risk, just let us move forward. Again, not to pick one over the other, but just to give support for investigating ours and letting ours move forward and not let things happen to the stand-alone that could be detrimental to our plan. And again, how that ties back to Gordon is having someone there who is decisive and assertive helped that process along.

---

THOMPSON                              www.streetevents.com                              Contact Us                              4

---

(C)2007 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

FINAL TRANSCRIPT

JAN. 10. 2007 / 9:00AM, LCC - US AIRWAYS - DELTA MERGER UPDATE CONFERENCE CALL

---

JAMIE BAKER - JPMORGAN - ANALYST

Okay. Thanks for all the color, gentlemen. I appreciate it.

---

OPERATOR

Gary Chase, Lehman Brothers.

---

GARY CHASE - LEHMAN BROTHERS - ANALYST

Just wondered if you could give us a little bit better sense of what exactly you mean by getting affirmative creditor support? Does that mean a majority, does it mean endorsement by the committees? Like how are we -- it feels like a milestone that you've put in this by to say by Feb. 1 you have to have this affirmative creditor support. If you could just give us a sense of what you mean by that so we can look for it?

---

DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

It means what it says, which is that we would like affirmative creditor support. That means we'd like to see the committee, the official committee come out with support for those three items, which is why I don't think this February 1 date is ever going to be an issue because we wanted to put it in there to make the point that we think something should happen by then. But this is -- at these levels of valuation what we're asking for is something that I can't imagine the committee wouldn't do and support because, once again, we're not asking them to do anything except allow both proposals to be analyzed and move forward.

So again, we put it in there to instill a sense of urgency, yes, but what we're asking for isn't anything that can't easily be done well within that timeframe. So I don't think the timeframe is ever going to come into play.

Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

-----  
GARY CHASE - LEHMAN BROTHERS - ANALYST

Okay. So but what you mean is you want the official committee to come out and say we want to commence due diligence, initiate an HSR filing, and postpone that hearing. So it's something that the official committee would have to endorse in that timeframe?

-----  
DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

Yes, we'd like to see that and other creditors, by the way. But yes, absolutely the official committee.

-----  
GARY CHASE - LEHMAN BROTHERS - ANALYST

Okay. Thanks, guys.

-----  
OPERATOR

David Strine, Bear Stearns.

-----  
THOMPSON    www.streetevents.com    Contact Us    5

(C)2007 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

FINAL TRANSCRIPT

JAN. 10. 2007 / 9:00AM, LCC - US AIRWAYS - DELTA MERGER UPDATE CONFERENCE CALL

DAVID STRINE - BEAR STEARNS - ANALYST

Doug, with respect to the antitrust issues, I just wanted to know if you provided any additional information or any further rebuttals in your -- in the presentation. I'm traveling today's so I haven't seen what you have posted on your website. Have you made any additions to that because that's been one of the big issues obviously from the other side?

-----  
DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO



Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

No, we didn't, David. I thought we did a pretty good job. I can say that it wasn't me, but I thought Rick Rule did a really nice job of doing that on our call in the middle of December. So no, we think that's been asked and answered. What we are saying and continue to say is let's go put in the filings and instead of us all guessing what and having these very strong views about what the Department of Justice would say, we're extremely confident that if we go ask them they're going to say what we're telling you they're going to say.

So let's just go ask him and we'll find out instead of having educated people disagree about what indeed they're going to say, let's go figure it out. I mean, Rick is here with us if you have a direct question for him, but the fact of the matter is there's nothing -- we have nothing more to add other than what we've already added on these points.

---

DAVID STRINE - BEAR STEARNS - ANALYST

I don't have an additional question because I thought the last presentation was thorough. But as a follow up to what Gary had mentioned about the process, in terms of the process and how it's been going and where we go from here, I imagine that -- I know you had the meeting with Gordon. Are there any other meetings set up now between you and either the creditors committee directly or representative of the creditors committee? And if so, when will that take place?

---

DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

I mean, we're talking you an hour after the press release went out or an hour and a half. So right now nothing has been set up. I would fully anticipate that this would result in further meetings, yes.

---

DAVID STRINE - BEAR STEARNS - ANALYST

And then to try to press you a little more in terms of the affirmative support -- I mean, if you get two thirds then you're all set, right? So is that essentially what you just need -- is that the number you're looking for in terms of people coming out or do you need just broadly one statement that comes from the creditors committee in total if there's -- and I don't imagine there would be any sort of individual comments from members of the committee, they probably will speak as a whole, but is that possible?

---

DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

Obviously, the more the better. This isn't -- you shouldn't try and over analyze this. We're not trying (inaudible) sort of bankruptcy.

---

DAVID STRINE - BEAR STEARNS - ANALYST

That's unfortunately what we do.

-----  
-----  
THOMPSON

www.streetevents.com

Contact Us

6  
-----

(C)2007 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

FINAL TRANSCRIPT

JAN. 10. 2007 / 9:00AM, LCC - US AIRWAYS - DELTA MERGER UPDATE CONFERENCE CALL

DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

Again, I didn't mean that in any way other than to say it's not that complicated. Because all -- we would like the official committee to do what we've asked. We think they will do that. To the extent there are others that would be great. But I mean, maybe we should be more clear about this. What we anticipate then -- again, we're not asking management to do anything. We're asking the committee to come out and support.

Clearly though we continue. We would much prefer this to be where we're working with management. But we understand, they're not there yet. So what we'd like to see is the creditors come out in support of going forward and it is our belief that if that happens then management will move forward with us. And that's the way we think we need to move this. But that's all we're asking for is for the creditors to support those three things.

-----  
DAVID STRINE - BEAR STEARNS - ANALYST

Thanks, and good luck.

-----  
OPERATOR

Michael Linenberg, Merrill Lynch.

-----  
MICHAEL LINENBERG - MERRILL LYNCH - ANALYST

I guess two questions. In the press release a couple days ago where you announced that you had the new financing agreement, you talked about significantly improved financial terms. Can you give us a sense maybe how we'd look at that? Is that maybe a lower rate, less collateral, longer maturity? Any color on that would be helpful.

-----  
DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

Can you hear me okay?

---

MICHAEL LINENBERG - MERRILL LYNCH - ANALYST

Yes.

---

DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

I hit a button I didn't mean to hit. Okay, good. That would've been bad if I turned the phone off. Anyway, Mike, we haven't disclosed what it is -- which is why I was trying mute so I could ask, now I've got people whispering at me. But anyway, we have not disclosed what those terms are. They are better -- I mean, they are better because the rate is lower. But those are the terms that got better.

The way we structured this was we came out in November with committed financing from Citigroup. But Citigroup also allowed us the chance to go and see if others might be willing to participate and what we found is there was a lot of interest in participating. And market dynamics in that regard help you to drive the cost down. So that's what's happened. But as to how much we never disclosed what the initial cost was, we haven't disclosed what these are.

I'm happy to say we are very, very happy with the terms of the financing because there has just been a lot of interest in supporting our transaction which we appreciate.

---

THOMPSON                                      www.streetevents.com                                      Contact Us                                      7

---

(C)2007 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

FINAL TRANSCRIPT

JAN. 10. 2007 / 9:00AM, LCC - US AIRWAYS - DELTA MERGER UPDATE CONFERENCE CALL

---

MICHAEL LINENBERG - MERRILL LYNCH - ANALYST

One got the sense from the press release when you -- the fact that you used the word 'significant' -- you got a good deal.

---

DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

We did and it was significant.

Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

-----  
MICHAEL LINENBERG - MERRILL LYNCH - ANALYST

My second question, Doug, and I know this may have been asked when you initially announced the deal back in a month ago or so or two months ago, Did you ever -- you highlighted some of the things that you would have to divest, you talked about the shuttle. Did you ever actually put a number out there on the value of potential divestitures that would occur as a result of this transaction and therefore (technical difficulty) some level of funding toward the total purchase?

-----  
SCOTT KIRBY - US AIRWAYS GROUP - PRESIDENT

Mike, it's Scott. It did include a negative synergy in our model, in the \$1.65 billion for potential asset divestiture. We haven't disclosed that publicly. We have disclosed that under confidentiality agreements to the creditors committee and we assume that we can sell the shuttle for something, but that is not directly in any of our numbers anywhere.

-----  
MICHAEL LINENBERG - MERRILL LYNCH - ANALYST

But, Scott, I realize the asset goes out, the cash comes in, you lose maybe some revenue there. But I'm thinking of maybe that there are assets that are surplus to the business as a means to sort of raise capital for providing funding for the acquisition.

-----  
SCOTT KIRBY - US AIRWAYS GROUP - PRESIDENT

We haven't modeled any of that. Since we've been able to raise \$8.2 billion in financing without resorting to that (multiple speakers) what we've done. It's not dependent on asset sales.

-----  
MICHAEL LINENBERG - MERRILL LYNCH - ANALYST

Perfect. And then just my last question, I think the Senate, they were out there yesterday, I guess one of the guys on the committee out there calling for some hearings you have Oberstar in the House. I guess it's all part of the process, so any thoughts on that -- that Congress, as expected, will get involved? Just maybe anything you're hearing from your contacts in DC, etc.?

-----  
DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

Well, to be clear, there has been a hearing called by the Senate Commerce Committee for January 24th. The hearing is on airline consolidation. Certainly not on US Airways/Delta, but I imagine, since it's on consolidation and we have this offer pending, that we will be part of the discussion and my guess is we'll

Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

be asked to testify which we would welcome. This transaction is good for consumers, it's good for our industry. It's something that I think Congress will be supportive of and we feel extremely good that the Department of Justice will be supportive of it.

---

THOMPSON                                      www.streetevents.com                                      Contact Us                                      8

---

(C)2007 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

FINAL TRANSCRIPT

JAN. 10. 2007 / 9:00AM, LCC - US AIRWAYS - DELTA MERGER UPDATE CONFERENCE CALL

---

MICHAEL LINENBERG - MERRILL LYNCH - ANALYST

Okay. Very good, thank you.

---

OPERATOR

Daniel McKenzie, Credit Suisse.

---

DANIEL MCKENZIE - CREDIT SUISSE - ANALYST

Doug, it's pretty obvious US Airways is trying to portray this as a friendly deal. Delta doing a pretty good job positioning it as a hostile deal. And at the end of the day let's assume that for just a moment that US Airways is successful and Delta is still hostile to the deal, can a hostile deal get done?

---

DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

First let me say if (technical difficulty) we're losing that because I don't think that's what we're trying to do, Dan. It's quite clear that this is -- that the Delta management team is not in favor of doing this -- at least with the prior offer, we'll see what their action is on this one. But I would anticipate similar reactions moving forward.

Now, so to your real question, can you do it with that dynamic in place? The answer to that is yes, you certainly through just the way the process works it can be accomplished. That's not the way we want to do it and indeed not the way I think it's going to end up playing out. I really believe that eventually, once we start getting involved in a process that has support of the creditors, that the management team will understand and gain a better understanding of what it is we're trying to accomplish here.

And what we're really trying to do is build an even better Delta; that we're highly interested in working with them to build a better Delta; that we know

Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

they have a fantastic airline with a great culture, with great management employees all of which we would like to utilize. And I think once that becomes more clear we'll start working together. That's why I've consistently said that eventually we want to do this in a way that has full support.

We're not there yet, so my guess is you'll still hear some of this back and forth. But right now we feel extremely good about our chances of getting this done despite management's position today.

-----  
DANIEL MCKENZIE - CREDIT SUISSE - ANALYST

Okay, thank you.

-----  
OPERATOR

Ray Neidl, Calyon Securities.

-----  
RAY NEIDL - CALYON SECURITIES - ANALYST

Just to follow up on some of the other questions that were asked, you have the banking behind you and I'm sure you've worked out the synergies of the combination. I'm just wondering as far as regulators go, one of the things that they look at would be what the balance sheet -- what the debt load will be of the combined carrier going forward. And as you up the offer to make it more attractive to the Delta creditors, will that make the regulators look at it with a more jaded eye?

-----  
THOMPSON                                      www.streetevents.com                                      Contact Us                                      9

-----  
(C)2007 Thomson Financial. Republished with permission. No part of this publication may be reproduced or transmitted in any form or by any means without the prior written consent of Thomson Financial.

FINAL TRANSCRIPT

JAN. 10. 2007 / 9:00AM, LCC - US AIRWAYS - DELTA MERGER UPDATE CONFERENCE CALL

-----  
SCOTT KIRBY - US AIRWAYS GROUP - PRESIDENT

The balance sheet is not something the antitrust regulators will look at. Again, their focus is going to be on competition. They will look at the synergies. But the balance sheet is typically not something that they are particularly interested in. They defer to the -- they'll defer to the owner creditors here and I think US Airways as opposed to making a judgment on that at the antitrust division.

Edgar Filing: DELTA AIR LINES INC /DE/ - Form 425

DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

The answer to that question is no. But what I'm happy to tell you is we'd welcome it if they wanted to. This balance sheet will look very, very good versus the Delta standalone balance sheet because it has much higher earnings. And as you know, Ray, the absolute level of debt doesn't mean anything in terms of one company versus another.

As I noted on the last call, GE has \$400 billion of debt and they're AAA-rated because they have enormous earnings and they're an enormous company. This company is a lot bigger, of course it has more debt and it makes a lot more money. What matters is the ability to service the debt. So anyway, a long way of saying the answer to your question is no, but you shouldn't take that to mean we're worried about it because -- I wish that was part of the process because we'd win that one too.

-----  
RAY NEIDL - CALYON SECURITIES - ANALYST

Okay, that's good to hear. The other thing, though, is the Delta employees -- I'm sure the little badges they're wearing at the ticket counters and so forth seem pretty hostile to the takeover. Would that cause a potential problem if in fact there was a merger, trying to convince the employees that this was better for them?

-----  
DOUG PARKER - US AIRWAYS GROUP - CHAIRMAN, CEO

What's going on now is we haven't had the opportunity to go communicate with the employees. It's very similar to what I just went through on the prior question with management. So what over time we would need -- we'd love to have the opportunity to go actually talk to the Delta employees and explain to them what it is we're trying to build which is a better airline for them, and I feel very good about our ability to do that.

We went through, not this publicly, but certainly went through similar issues as we put together US Airways and America West. We're on both sides. Airlines have pride in their company and feel very strongly about their company, and particularly in a business as competitive as ours has strong views about other airlines. But what we found out is there's a lot more in common than there were differences between the two cultures.

And when management explained to people that, look, we're just trying to get you a better place to work and get you part of a team that's more of a winning team it starts to come together. So we haven't had the luxury of doing that and we (technical difficulty) expect we should be able to. It's not appropriate yet, but at some point we will. So while it may be hard for people to see, I can see how we get there from here. But we're not there yet and that's one of the things that would happen over time.

-----  
RAY NEIDL - CALYON SECURITIES - ANALYST

Okay, great. Thanks a lot.





